

**Amendments to the Claims:**

This listing of claims will replace all prior versions, and listings of claims in the application:

1-14. (Canceled).

15. (Currently Amended) A method of exchanging heat between two fluids comprising:  
flowing a first ~~and second~~ fluid through a first heat exchanger configured to exchange heat between at least one first fluid and a heat source and having cold fluid intake configured to inlet the first fluid into the first heat exchanger and a first hot fluid outlet configured to outlet the first fluid heat exchanger;

flowing a second fluid through a second heat exchanger and disposed inside part of the first heat exchanger, and configured to exchange heat between the first and a second fluid and a second fluid and having a second cold fluid intake configured to inlet the second fluid into the second heat exchanger and a second hot fluid outlet configured to outlet the second fluid from the second heat exchanger;

directing the first fluid back through the heat exchanger when a controller detects a need to provide the second fluid; and

directing the first fluid through a circuit where a substantial portion of its heat is removed from the first fluid and then ~~routing the first fluid back to the heat exchanger~~ selectively divert fluid from at least one of a first hot fluid outlet and a circuit to the first intake and providing fluid to the first cold fluid intake from at least one of a fluid source, directly from the first hot fluid outlet, and fluid that has circulated through the circuit, when the controller detects a need for hot fluid in the circuit, wherein the diverting step is performed using a three-way valve.

16. (Currently Amended) The method of claim 15, further comprising:  
detecting a temperature associated with the second fluid leaving the second heat exchanger;  
directing the first fluid back through the first heat exchanger when the controller detects the temperature of the second fluid leaving the second heat exchanger is below a predetermined level.
17. (Currently Amended) The method of claim 15, further comprising:  
detecting a temperature associated with the first fluid in the first heat exchanger; and  
shutting off heating elements when the temperature associated with the first fluid in the first heat exchanger is above a predetermined level.
18. (Original) The method of claim 15, wherein the circuit is configured to provide indoor heating.
19. (Original) The method claim 15, wherein the second fluid is heated for use as domestic hot water.
20. (Currently Amended) The method of claim 15, wherein the first and second fluid are heated in the first and second heat exchangers by a third fluid.